



**STATE OF TENNESSEE  
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DEPARTMENT OF AUDIT  
DIVISION OF MUNICIPAL AUDIT**

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**Dennis F. Dycus, CPA, CFE, Director**  
Division of Municipal Audit

September 22, 2005

**MEMORANDUM**

**To:** Municipal Governments

**From:** Dennis F. Dycus, CPA, CFE, Director  
Division of Municipal Audit

**Subject:** Accounting for Fees for Administrative Costs (fees) Received under Tennessee Code Annotated §40-39-201 et al., Updated for Legislative Changes Effective August 1, 2005

A handwritten signature in black ink, appearing to read "D. Dycus", written over the "From:" line of the memorandum.

State statutes governing the sexual offender registry permit municipal governments to charge a fee not to exceed \$100 for registration. The fees collected are required to be used for the administration of the registry.

Accounting for such fees may be handled in one of two ways: 1) the fees may be accounted for in the general fund; 2) the fees may be accounted for in a separate restricted fund. If the fees are accounted for in the general fund, a separate revenue account must be established to account for the revenue. Expenditures for the registry may be allocated or a reasonable composite cost may be calculated, as long as the municipality maintains the documentation to support the cost and the basis for allocation is reasonable. Any excess fees remaining at the end of the year would result in a reservation of fund balance. If the fees are accounted for in a separate fund, only eligible expenditures should be recorded in the fund.

State statutes provide for an exception to the fee if the person registering is indigent. The means of determining whether an individual is indigent is currently under consideration.

Rule 13 provides that a person may be judged to be indigent if an affidavit of indigency is completed and signed by the defendant, the circuit court clerk and the circuit criminal court judge. Although utilizing Rule 13 is acceptable in determining if the fee may be waived, it is not mandatory at this time. An alternative method would be for the government to obtain the current formula utilized by the court and apply it to individuals who are registering and request a fee waiver. Other methods are acceptable if the method is reasonable and consistently applied.

Our office has received several questions regarding which municipal employee is responsible for collecting the fee, and the collection procedures to be followed. The law

requires that the law enforcement agency having jurisdiction must have a secure connection to the registry database in order to enter registry data. However, this law does not mandate special collection procedures. Therefore, the municipality should follow normal operating procedures when collecting these fees. Should the governing body or the chief financial officer consider that a deviation from standard procedures is necessary, the alternative collection procedures must be constructed so that they comply with state and local laws and regulations and any additional requirements of the Comptroller's Office.